

103^D CONGRESS
1ST SESSION

H. R. 883

To require a balanced Federal budget by fiscal year 2000 and each year thereafter, to protect Social Security, to provide for zero-based budgeting and decennial sunseting, to impose spending caps on the growth of entitlements during fiscal years 1994 through 2000, and to enforce those requirements through a budget process involving the President and Congress and sequestration.

IN THE HOUSE OF REPRESENTATIVES

FEBRUARY 16, 1993

Mr. ARMEY (for himself, Mr. KASICH, Mr. MCCOLLUM, and Mr. HORN) introduced the following bill; which was referred jointly to the Committees on Government Operations and Rules

A BILL

To require a balanced Federal budget by fiscal year 2000 and each year thereafter, to protect Social Security, to provide for zero-based budgeting and decennial sunseting, to impose spending caps on the growth of entitlements during fiscal years 1994 through 2000, and to enforce those requirements through a budget process involving the President and Congress and sequestration.

1 *Be it enacted by the Senate and House of Representa-*
2 *tives of the United States of America in Congress assembled,*

1 **SECTION 1. SHORT TITLE.**

2 This Act may be cited as the “Balanced Budget Im-
3 plementation Act”.

4 **SEC. 2. EFFECTIVE DATES.**

5 Except as otherwise specified, this Act and the
6 amendments made by it shall take effect on its date of
7 enactment and shall apply to fiscal year 1993 and subse-
8 quent fiscal years.

9 **TITLE I—JOINT BUDGET**
10 **RESOLUTION**

11 **SEC. 101. JOINT BUDGET RESOLUTION.**

12 (a) DEFINITIONS.—Paragraph (4) of section 3 of the
13 Congressional Budget Act of 1974 is amended to read as
14 follows:

15 “(4) the term ‘joint resolution on the budget’
16 means—

17 “(A) a joint resolution setting forth the
18 congressional budget for the United States Gov-
19 ernment for a fiscal year as provided in section
20 301; and

21 “(B) any other joint resolution revising the
22 congressional budget for the United States Gov-
23 ernment for a fiscal year as described in section
24 304.”.

1 (b) JOINT RESOLUTION ON THE BUDGET.—(1) Sec-
2 tion 300 is amended by striking “concurrent resolution”
3 each place it appears and inserting “joint resolution”.

4 (2) Section 301(a) of the Congressional Budget Act
5 of 1974 is amended by striking “concurrent resolution”
6 each place it appears including in the caption and insert-
7 ing “joint resolution”.

8 (3) Section 301(b) is amended by striking “concur-
9 rent resolution” each place it appears including in the cap-
10 tion and inserting “joint resolution”.

11 (4) Section 301(c) is amended by striking “concur-
12 rent resolution” each place it appears and inserting “joint
13 resolution”.

14 (5) Section 301(e) is amended by striking “concur-
15 rent resolution” each place it appears and inserting “joint
16 resolution”.

17 (6) Section 301(f) is amended by striking “concur-
18 rent resolution” each place it appears and inserting “joint
19 resolution”.

20 (7) Section 301(g) is amended by striking “concur-
21 rent resolution” each place it appears and inserting “joint
22 resolution”.

23 (8) Section 301(h) is amended by striking “concur-
24 rent resolution” and inserting “joint resolution”.

1 (9) Section 301(i) is amended by striking “concur-
2 rent resolution” each place it appears and inserting “joint
3 resolution”.

4 (10) The section heading of section 301 is amended
5 by striking “**ANNUAL ADOPTION OF CONCURRENT**”
6 and inserting “**ANNUAL ADOPTION OF JOINT**”.

7 (11) The table of contents set forth in section 1(b)
8 of the Congressional Budget and Impoundment Control
9 Act of 1974 is amended by striking “Annual adoption of
10 the concurrent” in the item relating to section 301 and
11 inserting “Annual adoption of the joint”.

12 (12) Section 302 is amended by striking “concurrent
13 resolution” each place it appears and inserting “joint reso-
14 lution”.

15 (13) Section 303, including the heading, is amended
16 by striking “concurrent resolution” each place it appears
17 and inserting “joint resolution”.

18 (14) The table of contents set forth in section 1(b)
19 of the Congressional Budget and Impoundment Control
20 Act of 1974 is amended by striking “Concurrent” in the
21 item relating to section 303 and inserting “Joint”.

22 (15) Section 304 is amended by striking “concurrent
23 resolution”, including in the heading, each place it appears
24 and inserting “joint resolution”.

1 (16) The table of contents set forth in section 1(b)
2 of the Congressional Budget and Impoundment Control
3 Act of 1974 is amended by striking “Concurrent” in the
4 item relating to section 304 and inserting “Joint”.

5 (17) Section 305 is amended by striking “concurrent
6 resolution”, including in the heading, each place it appears
7 and inserting “joint resolution”.

8 (18) Section 308 is amended by striking “concurrent
9 resolution” each place it appears and inserting “joint reso-
10 lution”.

11 (19) Section 310 is amended by striking “concurrent
12 resolution” each place it appears and inserting “joint reso-
13 lution”.

14 (20) Section 311 is amended by striking “concurrent
15 resolution” each place it appears and inserting “joint reso-
16 lution”.

17 **TITLE II—ZERO BASED BUDGET-**
18 **ING AND DECENNIAL**
19 **SUNSETTING**

20 **SEC. 201. REAUTHORIZATION OF DISCRETIONARY PRO-**
21 **GRAMS AND UNEARNED ENTITLEMENTS.**

22 (a) FISCAL YEAR 1994.—Effective October 1, 1993,
23 spending authority for each unearned entitlement and
24 high-cost discretionary spending program is terminated

1 unless such spending authority is reauthorized after the
2 date of enactment of this Act.

3 (b) FISCAL YEAR 1995.—Effective October 1, 1994,
4 spending authority for each discretionary spending pro-
5 gram (not including high-cost discretionary spending pro-
6 grams) is terminated unless such spending authority is re-
7 authorized after the date of enactment of this Act.

8 (c) DEFINITIONS.—For purposes of this title—

9 (1) the term “unearned entitlement” means an
10 entitlement not earned by service or paid for in total
11 or in part by assessments or contributions such as
12 Social Security, veterans’ benefits, retirement pro-
13 grams, and medicare; and

14 (2) the term “high-cost discretionary program”
15 means the most expensive one-third of discretionary
16 program within each budget function account.

17 **SEC. 202. POINT OF ORDER.**

18 (a) IN GENERAL.—It shall not be in order in the
19 House of Representatives or the Senate to consider any
20 bill, joint resolution, amendment, or conference report that
21 includes any provision that appropriates funds unless such
22 appropriation has been previously authorized by law.

23 (b) WAIVER OR SUSPENSION.—This section may be
24 waived or suspended in the House of Representatives or

1 the Senate only by the affirmative vote of three-fifths of
2 the Members, duly chosen and sworn.

3 **SEC. 203. DECENNIAL SUNSETTING.**

4 (a) FIRST DECENNIAL CENSUS YEAR.—Effective on
5 the first day of the fiscal year beginning in the first decen-
6 nial census year after the year 2000 and each 10 years
7 thereafter, the spending authority described in section
8 201(a) is terminated unless such spending authority is re-
9 authorized after the last date the spending authority was
10 required to be reauthorized under this title.

11 (b) FIRST DECENNIAL CENSUS YEAR.—Effective on
12 the first day of the fiscal year beginning in the year after
13 the first decennial census year after the year 2000 and
14 each 10 years thereafter, the spending authority described
15 in section 201(b) is terminated unless such spending au-
16 thority is reauthorized after the last date the spending au-
17 thority was required to be reauthorized under this title.

18 **TITLE III—SPENDING CAPS ON**
19 **THE GROWTH OF ENTITLE-**
20 **MENTS FOR FISCAL YEARS**
21 **1994 THROUGH 2000**

22 **SEC. 301. SPENDING CAPS ON GROWTH OF ENTITLEMENTS**
23 **AND MANDATORIES.**

24 (a) CAP ON GROWTH OF ENTITLEMENTS.—Effective
25 for each of the fiscal years 1994 through 2000, the total

1 level of entitlement and mandatory spending, excluding
2 Social Security, shall not exceed the total level for the pre-
3 vious fiscal year increased by the consumer price index,
4 and the growth in eligible population.

5 (b) SEQUESTRATION.—Within 15 days after Con-
6 gress adjourns to end a session, and on the same day as
7 a sequestration (if any) under title IV (pursuant to the
8 amendments made by such title), there shall be a seques-
9 tration to reduce the amount of entitlement and manda-
10 tory spending for the fiscal year beginning in the year the
11 Congress adjourns by any amount necessary to reduce
12 such spending to the level set forth in subsection (a) un-
13 less that amount is less than \$250,000,000.

14 (c) UNIFORM REDUCTIONS; LIMITATIONS.—The
15 amount required to be sequestered for the fiscal year
16 under subsection (a) shall be obtained from nonexempt di-
17 rect spending accounts by actions taken in the following
18 order:

19 (1) FIRST.—The reductions in the programs
20 specified in section 303(a) (National Wool Act and
21 special milk), section 303(b) (guaranteed student
22 loans), and section 303(c) (foster care and adoption
23 assistance) shall be made.

24 (2) SECOND.—Any additional reductions that
25 may be required shall be achieved by reducing each

1 remaining nonexempt direct spending account by the
2 uniform percentage necessary to achieve those addi-
3 tional reductions, except that—

4 (A) the low-income programs specified in
5 section 303(d) shall not be reduced by more
6 than 1 percent;

7 (B) the retirement and veterans benefits
8 specified in section 303(e) shall not be reduced
9 by more than 2 percent in the manner specified
10 in that section; and

11 (C) the medicare programs shall not be re-
12 duced by more than 4 percent in the manner
13 specified in section 303(f).

14 The limitations set forth in subparagraphs (A), (B),
15 and (C) shall be applied iteratively, and after each
16 iteration the uniform percentage applicable to all
17 other programs under this paragraph shall be in-
18 creased (if necessary) to a level sufficient to achieve
19 the reductions required by this paragraph.

20 **SEC. 302. EXEMPT PROGRAMS AND ACTIVITIES.**

21 (a) DESCRIPTIONS AND LISTS.—Except as provided
22 in subsection (b), the following budget accounts or activi-
23 ties shall be exempt from sequestration—

24 (1) net interest;

1 (2) all payments to trust funds from excise
2 taxes or other receipts or collections properly cred-
3 itable to those trust funds;

4 (3) all payments from one Federal direct spend-
5 ing budget account to another Federal budget ac-
6 count; and all intragovernmental funds including
7 those from which funding is derived primarily from
8 other Government accounts, except to the extent
9 that such funds are augmented by direct appropria-
10 tions for the fiscal year for which the order is in ef-
11 fect;

12 (4) activities resulting from private donations,
13 bequests, or voluntary contributions to the Govern-
14 ment;

15 (5) payments from any revolving fund or trust-
16 revolving fund (or similar activity) that provides de-
17 posit insurance or other Government insurance, Gov-
18 ernment guarantees, or any other form of contingent
19 liability, to the extent those payments result from
20 contractual or other legally binding commitments of
21 the Government at the time of any sequestration;

22 (6) credit liquidating and financing accounts;

23 (7) the following accounts, which largely fulfill
24 requirements of the Constitution or otherwise make
25 payments to which the Government is committed—

1 Administration of Territories, Northern Mari-
2 ana Islands Covenant grants (14-0412-0-1-806);

3 Bureau of Indian Affairs, miscellaneous pay-
4 ments to Indians (14-2303-0-1-452);

5 Bureau of Indian Affairs, miscellaneous trust
6 funds, tribal trust funds (14-9973-0-7-999);

7 Claims, defense;

8 Claims, judgments, and relief act (20-1895-0-
9 1-806);

10 Compact of Free Association, economic assist-
11 ance pursuant to Public Law 99-658 (14-0415-0-
12 1-806);

13 Compensation of the President (11-0001-0-1-
14 802);

15 Customs Service, miscellaneous permanent ap-
16 propriations (20-9992-0-2-852);

17 Eastern Indian land claims settlement fund
18 (14-2202-0-1-806);

19 Farm Credit System Financial Assistance Cor-
20 poration, interest payments (20-1850-0-1-351);

21 Internal Revenue collections of Puerto Rico
22 (20-5737-0-2-852);

23 Panama Canal Commission, operating expenses
24 and capital outlay (95-5190-0-2-403);

1 Payments of Vietnam and USS Pueblo pris-
2 oner-of-war claims (15-0104-0-1-153);

3 Payments to copyright owners (03-5175-0-2-
4 376);

5 Payments to the United States territories, fiscal
6 assistance (14-0418-0-1-801);

7 Payments to widows and heirs of deceased
8 Members of Congress (00-0215-0-1-801);

9 Salaries of Article III judges;

10 Soldier's and Airmen's Home, payment of
11 claims (84-8930-0-7-705);

12 Washington Metropolitan Area Transit Author-
13 ity, interest payments (46-0300-0-1-401).

14 (8) the following noncredit special, revolving, or
15 trust-revolving funds—

16 Coinage profit fund (20-5811-0-2-803);

17 Comptroller of the Currency;

18 Director of the Office of Thrift Supervision;

19 Exchange Stabilization Fund (20-4444-0-3-
20 155);

21 Federal Housing Finance Board;

22 Foreign Military Sales trust fund (11-82232-
23 0-7-155);

24 (9) Thrift Savings Fund;

1 (10) appropriations for the District of Columbia
2 to the extent they are appropriations of locally
3 raised funds;

4 (11)(A) any amount paid as regular unemploy-
5 ment compensation by a State from its account in
6 the Unemployment Trust Fund (established by sec-
7 tion 904(a) of the Social Security Act);

8 (B) any advance made to a State from the Fed-
9 eral unemployment account (established by section
10 904(g) of such Act) under title XII of such Act and
11 any advance appropriated to the Federal unemploy-
12 ment account pursuant to section 1203 of such Act;
13 and

14 (C) any payment made from the Federal Em-
15 ployees Compensation Account (as established under
16 section 909 of such Act) for the purpose of carrying
17 out chapter 85 of title 5, United States Code, and
18 funds appropriated or transferred to or otherwise
19 deposited in such Account;

20 (12) the earned income tax credit (payments to
21 individuals pursuant to section 32 of the Internal
22 Revenue Code of 1986).

23 (b) FEDERAL ADMINISTRATIVE EXPENSES.—

24 (1) Notwithstanding any provision of law other
25 than paragraph (3), administrative expenses in-

1 curred by the departments and agencies, including
2 independent agencies, of the Federal Government in
3 connection with any program, project, activity, or ac-
4 count shall be subject to reduction pursuant to any
5 sequestration order, without regard to any exemp-
6 tion, exception, limitation, or special rule otherwise
7 applicable with respect to such program, project, ac-
8 tivity, or account, and regardless of whether the pro-
9 gram, project, activity, or account is self-supporting
10 and does not receive appropriations.

11 (2) Payments made by the Federal Government
12 to reimburse or match administrative costs incurred
13 by a State or political subdivision under or in con-
14 nection with any program, project, activity, or ac-
15 count shall not be considered administrative ex-
16 penses of the Federal Government for purposes of
17 this section, and shall be subject to sequestration to
18 the extent (and only to the extent) that other pay-
19 ments made by the Federal Government under or in
20 connection with that program, project, activity, or
21 account are subject to that reduction or sequestra-
22 tion; except that Federal payments made to a State
23 as reimbursement of administrative costs incurred
24 by that State under or in connection with the unem-
25 ployment compensation programs specified in sub-

1 section (a)(11) shall be subject to reduction or se-
2 questration under this part notwithstanding the ex-
3 emption otherwise granted to such programs under
4 that subsection.

5 (3) Notwithstanding any other provision of law,
6 the administrative expenses of the following pro-
7 grams shall be exempt from sequestration:

8 (A) Comptroller of the Currency.

9 (B) Federal Deposit Insurance Corpora-
10 tion.

11 (C) Office of Thrift Supervision.

12 (D) National Credit Union Administration.

13 (E) National Credit Union Administration,
14 central liquidity facility.

15 (F) Federal Retirement Thrift Investment
16 Board.

17 (G) Resolution Funding Corporation.

18 (H) Resolution Trust Corporation.

19 (I) Board of Governors of the Federal
20 Reserve System.

21 **SEC. 303. EXCEPTIONS, LIMITATIONS, AND SPECIAL RULES.**

22 (a) NATIONAL WOOL ACT AND THE SPECIAL MILK
23 PROGRAM.—Automatic spending increases are increases
24 in outlays due to changes in indexes in the following
25 programs:

1 (1) National Wool Act; and

2 (2) Special milk program.

3 In those programs all amounts other than the automatic
4 spending increases shall be exempt from reduction under
5 any sequestration order.

6 (b) THE GUARANTEED STUDENT LOAN PROGRAM.—

7 (1) Any reductions which are required to be achieved from
8 the student loan programs operated pursuant to part B
9 of title IV of the Higher Education Act of 1965 under
10 any sequestration order shall be achieved only from loans
11 described in paragraphs (2) and (3) by the application of
12 the measures described in such paragraphs.

13 (2) For any loan made during the period beginning
14 on the date that a sequestration order takes effect with
15 respect to a fiscal year, the rate used in computing the
16 special allowance payment pursuant to section
17 438(b)(2)(A)(iii) of such Act for each of the first four spe-
18 cial allowance payments for such loan shall be adjusted
19 by reducing such rate by the lesser of—

20 (A) 0.40 percent, or

21 (B) the percentage by which the rate specified
22 in such section exceeds 3 percent.

23 (3) For any loan made during the period beginning
24 on the date that a sequestration order takes effect with
25 respect to a fiscal year, the origination fee which is author-

1 ized to be collected pursuant to section 438(c)(2) of such
2 Act shall be increased by 0.50 percent.

3 (c) FOSTER CARE AND ADOPTION ASSISTANCE PRO-
4 GRAMS.—Any sequestration order shall make the reduc-
5 tion otherwise required under the foster care and adoption
6 assistance programs (established by part E of title IV of
7 the Social Security Act) only with respect to payments and
8 expenditures made by States in which increases in foster
9 care maintenance payment rates or adoption assistance
10 payment rates (or both) are to take effect during the fiscal
11 year involved, and only to the extent that the required re-
12 duction can be accomplished by applying a uniform per-
13 centage reduction to the Federal matching payments that
14 each such State would otherwise receive under section 474
15 of that Act (for such fiscal year) for that portion of the
16 State's payments attributable to the increases taking ef-
17 fect during that year. No State's matching payments from
18 the Federal Government for foster care maintenance pay-
19 ments or for adoption assistance maintenance payments
20 may be reduced by a percentage exceeding the applicable
21 domestic sequestration percentage. No State may, after
22 the date of the enactment of this Act, make any change
23 in the timetable for making payments under a State plan
24 approved under part E of title IV of the Social Security

1 Act which has the effect of changing the fiscal year in
2 which expenditures under such part are made.

3 (d) LOW-INCOME ENTITLEMENTS.—(1) Benefit pay-
4 ments or payments to States or other entities for the pro-
5 grams listed in paragraph (2) shall not be reduced by
6 more than 1 percent under any sequestration order. When
7 reduced under an end-of-session sequestration order, those
8 benefit reductions shall occur starting with the payment
9 made at the start of January. When reduced under a with-
10 in-session sequestration order, those benefit reductions
11 shall occur starting with the next periodic payment.

12 (2) The programs referred to in paragraph (1) are
13 the following:

14 Aid to families with dependent children (75-
15 0412-0-1-609);

16 Child nutrition (12-3539-0-1-605);

17 Food stamp programs (12-3505-0-1-605) and
18 (12-3550-0-1-605);

19 Grants to States for medicaid (75-0512-0-1-
20 551); and

21 Supplemental security income program (75-
22 0406-0-1-609);

23 (e) FEDERAL RETIREMENT AND VETERANS' PRO-
24 GRAMS.—

1 (1) For each of the programs listed in para-
2 graph (2) and except as provided in paragraph (3),
3 monthly (or other periodic) benefit payments shall
4 be reduced by the uniform percentage applicable to
5 direct spending sequestrations for such programs
6 under section 301(c)(2), which shall in no case ex-
7 ceed 2 percent under any sequestration order. When
8 reduced under an end-of-session sequestration order,
9 those benefit reductions shall occur starting with the
10 payment made at the start of January or 7 weeks
11 after the order is issued, whichever is later. When
12 reduced under a within-session sequestration order,
13 those benefit reductions shall occur starting with the
14 next periodic payment.

15 (2) The programs subject to paragraph (1) are:
16 Benefits payable under sections 3(a),
17 3(f)(3), 4(a), or 4(f) of the Railroad Retirement
18 Act of 1974;

19 Benefits under chapter 21 of title 38,
20 United States Code, relating to specially adapt-
21 ed housing and mortgage-protection life insur-
22 ance for certain veterans with service-connected
23 disabilities (36-0137-0-1-702);

24 Benefits under section 907 of title 38,
25 United States Code, relating to burial benefits

1 for veterans who die as a result of service-con-
2 nected disability (36-0155-0-1-701);

3 Benefits under chapter 39 of title 38,
4 United States Code, relating to automobiles and
5 adaptive equipment for certain disabled veter-
6 ans and members of the Armed Forces (36-
7 0137-0-1-702);

8 Black lung benefits (20-8144-0-7-601);

9 Central Intelligence Agency retirement and
10 disability system fund (56-3400-0-1-054);

11 Civil service retirement and disability fund
12 (24-8135-0-7-602);

13 Comptrollers general retirement system
14 (05-0107-0-1-801);

15 Foreign service retirement and disability
16 fund (19-8186-0-7-602);

17 Judicial survivors' annuities fund (10-
18 8110-0-7-602);

19 Longshoremen's and harborworkers' com-
20 pensation benefits (16-9971-0-7-601);

21 Military retirement fund (97-8097-0-7-
22 602);

23 National Oceanic and Atmospheric Admin-
24 istration retirement (13-1450-0-1-306);

1 Pensions for former Presidents (47-0105-
2 0-1-802);

3 Railroad retirement tier II (60-8011-0-7-
4 601);

5 Railroad supplemental annuity pension
6 fund (60-8012-0-7-602);

7 Retired pay, Coast Guard (69-0241-0-1-
8 403);

9 Retirement pay and medical benefits for
10 commissioned officers, Public Health Service
11 (75-0379-0-1-551);

12 Special benefits, Federal Employees' Com-
13 pensation Act (16-1521-0-1-600);

14 Special benefits for disabled coal miners
15 (75-0409-0-1-601);

16 Tax Court judges survivors annuity fund
17 (23-8115-0-7-602);

18 Veterans' compensation (36-0153-0-1-
19 701); and

20 Veterans' pensions (36-0154-0-1-701).

21 (f) MEDICARE PROGRAM.—

22 (1) CALCULATION OF REDUCTION IN INDIVID-
23 UAL PAYMENT AMOUNTS.—To achieve the total per-
24 centage reduction in those programs required by sec-
25 tion 301, the percentage reduction that shall apply

1 to payments under the health insurance programs
2 under title XVIII of the Social Security Act for serv-
3 ices furnished after any sequestration order is issued
4 shall be such that the reduction made in payments
5 under that order shall achieve the required total per-
6 centage reduction in those payments for that fiscal
7 year as determined on a 12-month basis.

8 (2) TIMING OF APPLICATION OF REDUC-
9 TIONS.—

10 (A) IN GENERAL.—Except as provided in
11 subparagraph (B), if a reduction is made under
12 paragraph (1) in payment amounts pursuant to
13 a sequestration order, the reduction shall be ap-
14 plied to payment for services furnished after the
15 effective date of the order. For purposes of the
16 previous sentence, in the case of inpatient serv-
17 ices furnished for an individual, the services
18 shall be considered to be furnished on the date
19 of the individual's discharge from the inpatient
20 facility.

21 (B) PAYMENT ON THE BASIS OF COST RE-
22 PORTING PERIODS.—In the case in which pay-
23 ment for services of a provider of services is
24 made under title XVIII of the Social Security
25 Act on a basis relating to the reasonable cost

1 incurred for the services during a cost reporting
2 period of the provider, if a reduction is made
3 under paragraph (1) in payment amounts pur-
4 suant to a sequestration order, the reduction
5 shall be applied to payment for costs for such
6 services incurred at any time during each cost
7 reporting period of the provider any part of
8 which occurs after the effective date of the
9 order, but only (for each such cost reporting pe-
10 riod) in the same proportion as the fraction of
11 the cost reporting period that occurs after the
12 effective date of the order.

13 (3) NO INCREASE IN BENEFICIARY CHARGES IN
14 ASSIGNMENT-RELATED CASES.—If a reduction in
15 payment amounts is made under paragraph (1) for
16 services for which payment under part B of title
17 XVIII of the Social Security Act is made on the
18 basis of an assignment described in section
19 1842(b)(3)(B)(ii), in accordance with section
20 1842(b)(6)(B), or under the procedure described in
21 section 1870(f)(1) of such Act, the person furnishing
22 the services shall be considered to have accepted
23 payment of the reasonable charge for the services,
24 less any reduction in payment amount made pursu-
25 ant to a sequestration order, as payment in full.

1 (4) NO EFFECT ON COMPUTATION OF AAPCC.—

2 In computing the adjusted average per capita cost
3 for purposes of section 1876(a)(4) of the Social Se-
4 curity Act, the Secretary of Health and Human
5 Services shall not take into account any reductions
6 in payment amounts which have been or may be ef-
7 fected under this subtitle.

8 (g) FEDERAL PAY.—

9 (1) IN GENERAL.—Except as provided in sec-
10 tion 302(b)(3), new budget authority to pay Federal
11 personnel shall be reduced by the uniform percent-
12 age calculated under section 301(c), but no seques-
13 tration order may reduce or have the effect of reduc-
14 ing the rate of pay to which any individual is enti-
15 tled under any statutory pay system (as increased by
16 any amount payable under section 5304 of title 5,
17 United States Code, or section 302 of the Federal
18 Employees Pay Comparability Act of 1990) or the
19 rate of any element of military pay to which any in-
20 dividual is entitled under title 37, United States
21 Code, or any increase in rates of pay which is sched-
22 uled to take effect under section 5303 of title 5,
23 United States Code, section 1009 of title 37, United
24 States Code, or any other provision of law.

1 (2) DEFINITIONS.—For purposes of this sub-
2 section:

3 (A) The term “statutory pay system” shall
4 have the meaning given that term in section
5 5302(1) of title 5, United States Code.

6 (B) The term “elements of military pay”
7 means—

8 (i) the elements of compensation of
9 members of the uniformed services speci-
10 fied in section 1009 of title 37, United
11 States Code,

12 (ii) allowances provided members of
13 the uniformed services under sections 403a
14 and 405 of such title, and

15 (iii) cadet pay and midshipman pay
16 under section 203(c) of such title.

17 (C) The term “uniformed services” shall
18 have the meaning given that term in section
19 101(3) of title 37, United States Code.

20 (h) CHILD SUPPORT ENFORCEMENT PROGRAM.—
21 Any sequestration order shall accomplish the full amount
22 of any required reduction in expenditures under sections
23 455 and 458 of the Social Security Act by reducing the
24 Federal matching rate for State administrative costs
25 under such program, as specified (for the fiscal year in-

1 volved) in section 455(a) of such Act, to the extent nec-
2 essary to reduce such expenditures by that amount.

3 (i) EXTENDED UNEMPLOYMENT COMPENSATION.—

4 (1) A State may reduce each weekly benefit payment made
5 under the Federal-State Extended Unemployment Com-
6 pensation Act of 1970 for any week of unemployment oc-
7 ccurring during any period with respect to which payments
8 are reduced under an order issued under this title by a
9 percentage not to exceed the percentage by which the Fed-
10 eral payment to the State under section 204 of such Act
11 is to be reduced for such week as a result of such order.

12 (2) A reduction by a State in accordance with sub-
13 paragraph (A) shall not be considered as a failure to fulfill
14 the requirements of section 3304(a)(11) of the Internal
15 Revenue Code of 1954.

16 (j) COMMODITY CREDIT CORPORATION.—

17 (1) POWERS AND AUTHORITIES OF THE COM-
18 MODITY CREDIT CORPORATION.—This title shall not
19 restrict the Commodity Credit Corporation in the
20 discharge of its authority and responsibility as a cor-
21 poration to buy and sell commodities in world trade,
22 to use the proceeds as a revolving fund to meet
23 other obligations and otherwise operate as a corpora-
24 tion, the purpose for which it was created.

1 (2) REDUCTION IN PAYMENTS MADE UNDER
2 CONTRACTS.—(A) Payments and loan eligibility
3 under any contract entered into with a person by the
4 Commodity Credit Corporation prior to the time any
5 sequestration order has been issued shall not be re-
6 duced by an order subsequently issued. Subject to
7 subparagraph (B), after any sequestration order is
8 issued for a fiscal year, any cash payments made by
9 the Commodity Credit Corporation—

10 (i) under the terms of any one-year con-
11 tract entered into in or after such fiscal year
12 and after the issuance of the order; and

13 (ii) out of an entitlement account,
14 to any person (including any producer, lender, or
15 guarantee entity) shall be subject to reduction under
16 the order.

17 (B) Each contract entered into with producers
18 or producer cooperatives with respect to a particular
19 crop of a commodity and subject to reduction under
20 subparagraph (A) shall be reduced in accordance
21 with the same terms and conditions. If some, but
22 not all, contracts applicable to a crop of a commod-
23 ity have been entered into prior to the issuance of
24 any sequestration order, the order shall provide that
25 the necessary reduction in payments under contracts

1 applicable to the commodity be uniformly applied to
2 all contracts for succeeding crops of the commodity,
3 under the authority provided in paragraph (3).

4 (3) DELAYED REDUCTION IN OUTLAYS PERMISSIBLE.—Notwithstanding any other provision of this
5 title, if any sequestration order is issued with re-
6 spect to a fiscal year, any reduction under the order
7 applicable to contracts described in paragraph (2)
8 may provide for reductions in outlays for the ac-
9 count involved to occur in the fiscal years following
10 the fiscal year to which the order applies.

12 (4) UNIFORM PERCENTAGE RATE OF REDUC-
13 TION AND OTHER LIMITATIONS.—All reductions de-
14 scribed in paragraph (2) that are required to be
15 made in connection with any sequestration order
16 with respect to a fiscal year—

17 (A) shall be made so as to ensure that out-
18 lays for each program, project, activity, or ac-
19 count involved are reduced by a percentage rate
20 that is uniform for all such programs, projects,
21 activities, and accounts, and may not be made
22 so as to achieve a percentage rate of reduction
23 in any such item exceeding the rate specified in
24 the order; and

1 (B) with respect to commodity price sup-
2 port and income protection programs, shall be
3 made in such manner and under such proce-
4 dures as will attempt to ensure that—

5 (i) uncertainty as to the scope of ben-
6 efits under any such program is mini-
7 mized;

8 (ii) any instability in market prices
9 for agricultural commodities resulting from
10 the reduction is minimized; and

11 (iii) normal production and marketing
12 relationships among agricultural commod-
13 ities (including both contract and non-con-
14 tract commodities) are not distorted.

15 In meeting the criterion set out in clause (iii)
16 of subparagraph (B) of the preceding sentence,
17 the President shall take into consideration that
18 reductions under an order may apply to pro-
19 grams for two or more agricultural commodities
20 that use the same type of production or market-
21 ing resources or that are alternative commod-
22 ities among which a producer could choose in
23 making annual production decisions.

24 (5) CERTAIN AUTHORITY NOT TO BE LIM-
25 ITED.—Nothing in this title shall limit or reduce in

1 any way any appropriation that provides the Com-
2 modity Credit Corporation with funds to cover the
3 Corporation's net realized losses.

4 (k) THE JOBS PORTION OF AFDC.—

5 (1) FULL AMOUNT OF SEQUESTRATION RE-
6 QUIRED.—Any sequestration order shall accomplish
7 the full amount of any required reduction of the job
8 opportunities and basic skills training program
9 under section 402(a)(19), and part F of title VI, of
10 the Social Security Act, in the manner specified in
11 this subsection. Such an order may not reduce any
12 Federal matching rate pursuant to section 403(l) of
13 the Social Security Act.

14 (2) NEW ALLOTMENT FORMULA.—

15 (A) GENERAL RULE.—Notwithstanding
16 section 403(k) of the Social Security Act, each
17 State's percentage share of the amount avail-
18 able after sequestration for direct spending pur-
19 suant to section 403(l) of such Act shall be
20 equal to that percentage of the total amount
21 paid to the States pursuant to such section
22 403(l) for the prior fiscal year that is rep-
23 resented by the amount paid to such State pur-
24 suant to such section 403(l) for the prior fiscal
25 year, except that a State may not be allotted an

1 amount under this subparagraph that exceeds
2 the amount that would have been allotted to
3 such State pursuant to such section 403(k) had
4 the sequestration not been in effect.

5 (B) REALLOTMENT OF AMOUNTS REMAIN-
6 ING UNALLOTTED AFTER APPLICATION OF GEN-
7 ERAL RULE.—Any amount made available after
8 sequestration for direct spending pursuant to
9 section 403(l) of the Social Security Act that
10 remains unallotted as a result of subparagraph
11 (A) of this paragraph shall be allotted among
12 the States in proportion to the absolute dif-
13 ference between the amount allotted, respec-
14 tively, to each State as a result of such sub-
15 paragraph and the amount that would have
16 been allotted to such State pursuant to section
17 403(k) of such Act had the sequestration not
18 been in effect, except that a State may not be
19 allotted an amount under this subparagraph
20 that results in a total allotment to the State
21 under this paragraph of more than the amount
22 that would have been allotted to such State
23 pursuant to such section 403(k) had the seques-
24 tration not been in effect.

1 (l) POSTAL SERVICE FUND.—Notwithstanding any
2 other provision of law, any sequestration of the Postal
3 Service Fund shall be accomplished by a payment from
4 that Fund to the General Fund of the Treasury, and the
5 Postmaster General of the United States shall make the
6 full amount of that payment during the fiscal year to
7 which the presidential sequestration order applies.

8 (m) EFFECTS OF SEQUESTRATION.—The effects of
9 sequestration shall be as follows:

10 (1) Budgetary resources sequestered from any
11 account other than an entitlement trust, special, or
12 revolving fund account shall revert to the Treasury
13 and be permanently canceled.

14 (2) Except as otherwise provided, the same per-
15 centage sequestration shall apply to all programs,
16 projects, and activities within a budget account (with
17 programs, projects, and activities as delineated in
18 the appropriation Act or accompanying report for
19 the relevant fiscal year covering that account, or for
20 accounts not included in appropriation Acts, as de-
21 lined in the most recently submitted President's
22 budget).

23 (3) Administrative regulations or similar ac-
24 tions implementing a sequestration shall be made
25 within 120 days of the sequestration order. To the

1 extent that formula allocations differ at different
2 levels of budgetary resources within an account, pro-
3 gram, project, or activity, the sequestration shall be
4 interpreted as producing a lower total appropriation,
5 with that lower appropriation being obligated as
6 though it had been the pre-sequestration appropria-
7 tion and no sequestration had occurred.

8 (4) Except as otherwise provided, obligations in
9 sequestered direct spending accounts shall be re-
10 duced in the fiscal year in which a sequestration oc-
11 curs and in all succeeding fiscal years.

12 (5) If an automatic spending increase is seques-
13 tered, the increase (in the applicable index) that was
14 disregarded as a result of that sequestration shall
15 not be taken into account in any subsequent fiscal
16 year.

17 (6) Except as otherwise provided, sequestration
18 in accounts for which obligations are indefinite shall
19 be taken in a manner to ensure that obligations in
20 the fiscal year of a sequestration and succeeding fis-
21 cal years are reduced, from the level that would ac-
22 tually have occurred, by the applicable sequestration
23 percentage.

1 **SEC. 304. POINT OF ORDER.**

2 (a) IN GENERAL.—It shall not be in order in the
3 House of Representatives or the Senate to consider any
4 bill, joint resolution, amendment, or conference report that
5 includes any provision that has the effect of modifying the
6 application of this title to any entitlement program subject
7 to sequestration or exempt from sequestration under this
8 title.

9 (b) WAIVER OR SUSPENSION.—This section may be
10 waived or suspended in the House of Representatives or
11 the Senate only by the affirmative vote of three-fifths of
12 the Members, duly chosen and sworn.

13 **TITLE IV—BALANCED BUDGET**
14 **BY FISCAL YEAR 2000**

15 **SEC. 401. REDUCTION OF MAXIMUM DEFICIT AMOUNT TO**
16 **ZERO.**

17 (a) IN GENERAL.—Section 601(a)(1) of the Congres-
18 sional Budget Act of 1974 is amended to read as follows:

19 “(1) MAXIMUM DEFICIT AMOUNT.—The term
20 ‘maximum deficit amount’ means—

21 “(A) with respect to fiscal year 1994,
22 \$255,000,000,000;

23 “(B) with respect to fiscal year 1995,
24 \$219,000,000,000;

25 “(C) with respect to fiscal year 1996,
26 \$183,000,000,000;

1 “(D) with respect to fiscal year 1997,
2 \$147,000,000,000;

3 “(E) with respect to fiscal year 1998,
4 \$98,000,000,000;

5 “(F) with respect to fiscal year 1999,
6 \$49,000,000,000; and

7 “(G) with respect to fiscal year 2000 and
8 fiscal years thereafter, zero.”.

9 (b) RESTORATION OF FIXED MAXIMUM DEFICIT
10 AMOUNTS.—Section 253(g) of the Balanced Budget and
11 Emergency Deficit Control Act is amended by striking
12 paragraph (1)(B).

13 **SEC. 402. MAXIMUM DEFICIT AMOUNT POINT OF ORDER.**

14 (a) MDA POINT OF ORDER.—Section 605(b) of the
15 Congressional Budget Act of 1974 is amended to read as
16 follows:

17 “(b) MAXIMUM DEFICIT POINT OF ORDER.—

18 “(1) IN GENERAL.—It shall not be in order in
19 the House of Representatives or the Senate to con-
20 sider any bill, joint resolution, amendment, or con-
21 ference report that includes any provision that would
22 result in a deficit for a fiscal year that exceeds the
23 maximum deficit amount for such fiscal year.

24 “(2) WAIVER OR SUSPENSION.—This subsection
25 may be waived or suspended in the House of Rep-

1 representatives or the Senate only by the affirmative
2 vote of three-fifths of the Members, duly chosen and
3 sworn.”.

4 (b) LIMIT ON PUBLIC DEBT.—Section 605 of the
5 Congressional Budget Act of 1974 is amended by adding
6 at the end thereof the following:

7 “(c) LIMIT ON PUBLIC DEBT.—

8 “(1) IN GENERAL.—It shall not be in order in
9 the House of Representatives or the Senate to con-
10 sider any bill, joint resolution, amendment, or con-
11 ference report that includes any provision that in-
12 creases the national debt held by the public estab-
13 lished in the joint resolution on the budget for a fis-
14 cal year in excess of the limit on public debt estab-
15 lished by the joint resolution for such fiscal year.

16 “(2) WAIVER OR SUSPENSION.—This subsection
17 may be waived or suspended in the House of Rep-
18 resentatives or the Senate only by the affirmative
19 vote of three-fifths of the Members, duly chosen and
20 sworn.”.

21 (c) SOCIAL SECURITY.—

22 (1) EXCLUSION FROM BUDGET.—Section
23 13301(a) of the Budget Enforcement Act of 1990 is
24 amended by adding at the end thereof the following:

1 “This subsection shall apply to fiscal years begin-
2 ning with fiscal year 2001.”.

3 (2) EXCLUSION FROM CONGRESSIONAL BUDG-
4 ET.—The last sentence of section 301(a) of the Con-
5 gressional Budget Act of 1974 is amended by strik-
6 ing “The” and inserting “Effective with respect to
7 fiscal years beginning with fiscal year 2001, the”.

8 (3) SOCIAL SECURITY ACT.—Section 710(a) of
9 the Social Security Act is amended by adding at the
10 end thereof the following: “This subsection shall
11 apply to fiscal years beginning with fiscal year
12 2001.”.

13 **SEC. 403. SOCIAL SECURITY FIREWALL.**

14 (a) POINT OF ORDER.—Section 301(i) of the Con-
15 gressional Budget Act of 1974 is amended to read as
16 follows:

17 “(i) SOCIAL SECURITY POINT OF ORDER.—It shall
18 not be in order in the Senate or the House of Representa-
19 tives to consider any joint resolution on the budget that
20 would decrease the excess of social security revenues over
21 social security outlays in any of the fiscal years covered
22 by the joint resolution. No change in chapter 1 of the In-
23 ternal Revenue Code of 1986 shall be treated as affecting
24 the amount of social security revenues unless such provi-

1 sion changes the income tax treatment of social security
2 benefits.”.

3 (b) BALANCING THE UNIFIED BUDGET.—Section
4 601(a)(1) of the Congressional Budget Act of 1974, as
5 amended by section 401(a) of this Act, is amended by add-
6 ing at the end thereof the following:

7 “For fiscal years after fiscal year 1999, the maxi-
8 mum deficit amount shall be set at zero for each fis-
9 cal year in the joint resolution on the budget.”.

10 (c) ELIMINATION OF SOCIAL SECURITY DEFICIT.—
11 Not later than October 1, 2000, Congress may adopt
12 budget procedures for the elimination of the non-Social
13 Security deficit by not later than September 30, 2005. The
14 non-Social Security deficit shall be defined as the Federal
15 budget deficit excluding the receipts and outlays of the
16 Social Security Trust Fund.

17 **SEC. 404. LOOK-BACK SEQUESTER.**

18 Section 253 of the Balanced Budget and Emergency
19 Deficit Control Act of 1985 is amended by adding at the
20 end thereof the following new subsection:

21 “(i) LOOK-BACK SEQUESTER.—

22 “(1) IN GENERAL.—On July 1 of each fiscal
23 year, the Director of OMB shall determine if laws
24 effective during the current fiscal year will cause the
25 deficit to exceed the maximum deficit amount for

1 such fiscal year. If the limit is exceeded, there shall
 2 be a preliminary sequester on July 1 to eliminate the
 3 excess.

4 “(2) PERMANENT SEQUESTER.—Budget au-
 5 thority sequestered on July 1 pursuant to paragraph
 6 (1) shall be permanently canceled on July 15.

7 “(3) NO MARGIN.—The margin for determining
 8 a sequester under this subsection shall be zero.

9 “(4) SEQUESTRATION PROCEDURES.—The pro-
 10 vision of subsections (c), (d), and (e) of this section
 11 shall apply to a sequester under this subsection.”.

12 **SEC. 405. SAVINGS PROVISION.**

13 The amendments made by this title, the limits estab-
 14 lished by this title, and the procedures provided in Acts
 15 amended by this title necessary to enforce such limits shall
 16 apply with respect to fiscal years beginning with fiscal
 17 year 1993 and shall continue notwithstanding the termi-
 18 nation of any Act setting forth such procedures.

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